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THE PROGRAM MANAGER AND THE GOLDWATCH SYNDROME. (U)
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DEFENSE SYSTEMS MANAGEMENT COLLEGE



PROGRAM MANAGEMENT COURSE INDIVIDUAL STUDY PROGRAM

THE PROGRAM MANAGER
AND
THE GOLDWATCH SYNDROME

STUDY PROJECT REPORT
PMC 77-1

Michael J. Howley
MAJOR USAF

FORT BELVOIR, VIRGINIA 22060

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THE PROGRAM MANAGER

AND

THE GOLDWATCH SYNDROME

Individual Study Program

Study Project Report

Prepared as a Formal Report

Defense Systems Management College

Program Management Course

Class 77-1

by

Michael J. Howley
MAJOR USAF

May 1977

Study Project Advisor
William Cullin

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DEFENSE SYSTEMS MANAGEMENT COLLEGE

STUDY TITLE: PROGRAM MANAGER AND THE GOLDWATCH SYNDROME

STUDY PROJECT GOALS:

To review the PPBS cycle, in particular the Air Force POM preparation. To identify the factors that tend to influence the program budget formulation and suggest approaches by which the Program Manager can control these factors.

STUDY REPORT ABSTRACT:

This report describes some of the factors that tend to influence the final outcome of a program budget. The Program Manager must not only be aware of these factors but must be prepared to cope with them. One such factor that is becoming more critical to programs is called the Goldwatch Syndrome, that is the personal attention key members of higher Headquarters, OSD or even Congress give a program.

As an introduction to this subject matter, the report begins with a short description of the history and mechanics of the Planning, Programming and Budgeting System. Included in this section is a discussion of the Air Force Program Objective Memorandum preparation. The final sections of the report then relate to the recognition of the influencing factors and developing options to cope with them.

SUBJECT DESCRIPTORS:

Program Management
Budget Formulation
Financial Management
Five Year Defense Program
Management
Program Objective Memorandum
PPBS
Goldwatch Syndrome

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Michael J. Howley, Major, USAF

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EXECUTIVE SUMMARY

Throughout the life span of any weapon system development program there will be innumerable opportunities for persons and circumstances outside the program office to influence the outcome of the program. These influencing factors come from everywhere. Personnel changes from within the program office or all the way up to a new member of Congress can have a very dynamic affect on the program. Changes in Service priorities, changes in international relationships, technological breakthrough, revision to the threat, and even pet ideas of the key individuals associated with the program, all in their own manner, affect the program.

The latter case, the pet idea of an individual, is the seed that leads to the birth of the Goldwatch Syndrome. Simply stated, this is nothing more than one person's perception that the overall importance of a particular program is significantly higher than that of any other similar effort. As such, this Goldwatch program should be funded and given maximum support during the development process.

This paper begins with a brief review both of the history and procedures of the Planning, Programming and Budgeting System. The Air Force story as related to the Program Objective Memorandum preparation is then told. While this section relates primarily to the Air Force, it is applicable to each of the Services.

This is followed by a discussion of some of these influencing factors that can so drastically alter a weapon system development program. The Program Manager must be able to recognize these factors and be able

to assess their impact on the program. The options presented in this report will provide the Program Manager with ideas to successfully cope with these factors.

In the view of this author, the most critical resource available to the Program Manager is the members of his management team. This team is not restricted to the program office because it includes the contractor, the user, the independent test agency, higher Headquarters and all others that play a vital role in his program. It is this team effort that first exposes the internal and external factors, including the Goldwatches. It is this same team effort that helps identify the ramifications of each item and initiates the plan to deal with them.

How does he get his job accomplished? Open communication is the key. Keeping everyone informed and in tune is the major element. Communication and team work under the skilled leadership of the Program Manager will see many a needed program through to fruition.

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SECTION I

INTRODUCTION

Purpose of the Study Project

The world of the Department of Defense (DOD) Program Manager is undoubtedly one of the most nerve-racking, pressure filled, exciting yet frustrating positions within DOD during peacetime. Where else can an individual have the awesome responsibility to control the reins of a multimillion, yea multibillion dollar development/acquisition program? Where else can this same Program Manager sit down and discuss, debate, and even argue the business strategy and environmental impacts of his program with the likes of the magnates of industry, General and Flag rank within the Service, hierarchy of the DOD structure, and even members of the Congress?

In order for the Program Manager to fulfill his mission, he literally must not only be a "jack of all trades" but a "master of all trades". He must first and foremost be able to communicate with all members of his program management team, i.e., communicate in the fullest meaning, listening attentatively as well as speaking intelligently. He must be a tactician able to foresee and manipulate roadblocks and obstacles to achieve his objective. He must be a sound businessman with full command of the economic and financial aspects of his program. He must possess sufficient technical expertise to assess the complex engineering problems that will arise and must be able to articulate these problems, along with their proposed resolution and impact, to the hierarchy above him. He must be psychologist in order

to deal with the varied personalities and super egos that will continually supply the Program Manager with suggested techniques to improve the management of his program.

In order to help the Program Manager get control over as many facets of his program as possible, DOD and the component Services have published a series of guidelines to assist the Program Manager. These Directives/Regulations are not, nor can they be, all inclusive. They are simply guidelines.

It has been repeatedly demonstrated that of all the facets of a program that are most likely to cause the Program Manager his greatest headache is that pertaining to the business aspects of his program. Within the business arena, the budget formulation and execution is of paramount importance.

The processes for developing, submitting and defending the program budget are fairly well established. However, once the budget is presented there is a myriad of internal and external factors that begin to exert inordinate pressure to alter the program.

This paper attempts to review the guidelines that the Air Force Program uses in the preparation and submission of the budget and then discusses the types of factors that come to bear on the Program Manager. It is these factors that cause the Program Manager no end of headaches and extra work. These factors are not just situations dictated by the changing economic environment but more often than not are living breathing extensions of the personal beliefs and biases of influential people of "the system". In other words, this is where the Program Manager comes face to face with the "Goldwatch Syndrome". That attitude

which says, in effect, this program is of higher priority on the National scale than that program; therefore, all my energies will be geared to the support of this program at all costs.

Specific Objective of this Study Project

The Program Manager who is the most aware of the factors that influence his program is the manager who is in the best position to cope with them. Although the discussion presented in the report is centered around the Air Force Program Manager, there are common factors that apply to any Service Program Manager. The influencing factors are indifferent as to the size, nature or origin of the program. They will create as much havoc as possible.

The primary objective then is to generate an awareness in the potential Program Manager to these influencing factors. Let him know where they lie within the various layers of the hierarchy. In short expose him to the existence of the Goldwatch Syndrome and offer suggestions on how to cope with them.

The manager has at his disposal highly motivated and competent staff support that when properly utilized can greatly assist in lessening any adverse impact these Goldwatches may have on the program.

Is the Program Manager simply at the mercy of "the system", or can he, in fact, truly influence and control the destiny of his program?

SECTION II

THE BUDGET PROCESS

Background on the Planning, Programming and Budgeting System

As with virtually every facet of the DOD, there are rather stringent rules by which each action is governed. In order to be an effective member of the DOD Program Management Team, it is imperative that the Program Manager be thoroughly familiar with these rules and have a clear-cut understanding of their meaning and implications.

These guidelines did not exist in the 1950's to the extent they exist today. Post War budget submissions were primarily substantiated by the experience and professionalism of the senior military advisors. As such, the budget process provided the Secretary of Defense with minimal assistance in making sound decisions. In fact, it was quite evident that each Service was looking at the rival Service's budget more closely than its own for fear the other Service would get the lion's share thereby acquiring new missions and the associated resources. (5:114)¹

This led to the establishment of more effective budgetary controls in 1961 when the Secretary of Defense, Robert McNamara, gave his Assistant Secretary of Defense (Comptroller), Mr. Charles Hitch, this challenge:

¹This notation will be used throughout the report for sources of quotations and major references. The first number is the source listed in the bibliography. The second number is the page in the reference.

"Find a means of classifying military activities in terms of their mission, and: Develop an extension of the planning horizon." (11:86)

From this simple statement has evolved the highly structured and controlled system entitled the Planning, Programming and Budgeting System (PPBS). This new concept is unique in that it is the first budget system designed to accomodate the multiple functions of budgeting, planning, managing and controlling.

"In the context of budgeting, planning involves the determination of objectives, the evaluation of alternative courses of action, and the authorization of selected programs... Management involves the programming of approved goals into specific projects and activities, the design of organizational units to carry out approved programs and the staffing of these units and the procurement of necessary resources... Control refers to the process of binding operating officials to the policies and plans set by their superiors." (8:210-212)

No single system as complex and integrated as is the PPBS can sustain a perfect balance between these three functions. Where then does the emphasis lie within the PPBS? A strong argument can be developed which says that the current emphasis is on the planning function.

What factors might lead to this conclusion? Society as a whole and the DOD/Industrial segment in particular have significantly increased their desire and ability to forecast expenditures and revenues for multi-year periods. This economic sophistication has been fostered primarily through the proliferation of management information systems capable of reviewing, digesting and accurately assessing reams of technical data heretofore much too cumbersome and laborious to analyze. In short, technological breakthroughs such as the computer have made it possible for more people to review and understand long-range projections more

accurately than ever before. As such the PPBS can focus on the quantitative aspects of planning. As Allen Schick so ably states:

"To far greater extent than heretofore, budget decisions will be influenced by explicit statements of objectives and by a formal weighing of the costs and benefits of alternatives." (8:229)

Just what is PPBS and what are its intended functions? In a statement by Charles L. Schultze, then the Director of the Bureau of the Budget to the 90th Congress, Mr. Schultze said:

"Much has been published on PPB. Learned articles have treated it sometimes as the greatest thing since the invention of the wheel. Other articles attack it, either as a naive attempt to quantify and computerize the imponderable, or as an arrogant effort on the part of latter-day technocrats to usurp the decision-making functions in a political democracy. Mr. Chairman, PPB is neither. It is means of helping responsible officials make decisions. It is not a mechanical substitute for the good judgement, political wisdom, and leadership of those officials." (8:187)

Mr. Schultze went on to describe what he considers to be the five major elements of the PPBS that ultimately lead to improved decision making.

"As the first step, PPB calls for a careful specification and analysis of basic program objectives in each major area of governmental activity... The second step... is to analyze, insofar as possible, the output of a given program in terms of the objectives initially specified in the first step... The third step is to measure the total cost of the program, not just for one year, but over at least several years ahead... The fourth and crucial step is to analyze alternatives seeking those which have greatest effectiveness in achieving the basic objectives specified in the first step or which achieve those objectives at the least cost... The fifth and final element of the approach is establishing this method and these analytic techniques throughout the government in a systematic way so that, over time, more and more budgetary decisions can be subjected to the hand of rigorous analysis." (8:187-189)

Implementation of the Planning, Programming and Budgeting System

How does this impact the Services and the Program Manager in particular? The PPBS system involves specific activities and milestones over a nineteen month period that culminates with the submission of the President's annual budget to Congress in January of each year. (See Figure 1, 1977 Planning, Programming, Budgeting.) The cycle begins when the Joint Chiefs of Staff (JCS) forward the Joint Strategic Objective Plan (JSOP), Volume I, Strategy and Force Planning Guidance to the Secretary of Defense for review in May. This document provides advice to the President, National Security Council and Secretary of Defense on the military strategy and force structure necessary to meet our national security objectives and it also provides planning guidance to military chiefs and the unified and specified commanders.

In September, Secretary of Defense issues the strategic guidance to the JCS and Military Departments via the Defense Guidance. It sets forth the policies for strategic, general purpose, mobility, reserve forces, mobilization planning and security assistance to our allies. Also in September, DOD issues the selected analysis topics. These studies are due in March and will be used in formulating the Program Objective Memorandum (POM) and Joint Forces Memorandum (JFM). At this point, the astute Program Manager gets his first inkling as to what forces he will have to contend with during the defense of his program budget.

The Program Manager gets another data point to consider when in February the Secretary of Defense issues his Tentative Planning and

Programming Guidance Memorandum (TPPGM). This document provides tentative guidance for fiscal planning assumptions, forces, logistics, manpower, research and development, telecommunications, and intelligence. This release of this memorandum and the subsequent publication of JSOP, Volume II, in February are revisions to the PPBS calendar for previous years. (See Figure 2, OASD(C) memorandum dated 7 March 1977, Program/Budget Review - Calendar Year 1977 Schedule.) This change reflects the intent of OSD to provide the Services with as advance planning information as practical.

In the December/January timeframe, the JCS submits its JSOP, Volume II, Analyses and Force Tabulation, which sets forth the strategic and general purpose force levels necessary to meet the objectives of Volume I. Additionally Volume II recommends the development and deployment of new weapon systems. Here again, the Program Manager gets a free look into the crystal ball and gains visibility regarding those new systems that will have JCS and OSC support thus making them strong contenders for a fair share of the fiscal budget.

In March the Secretary of Defense issues the finalized Planning and Programming Guidance Memorandum (PPGM) which (a) updates the Defense Guidances previously published; (b) specifies Fiscal Guidance, i.e., Total Obligation Authority (TOA) limits for each DOD component; (c) sets forth the Material Support Planning Guidance which insures a reasonable balance combat forces and material support capability; and (d) establishes guidance for POM preparation to insure that an adequate description of the proposed programs and forces and a risk assessment are included.

Preparation of the Program Objective Memorandum - The Air Force Story

Supporting the preparation of the POM is undoubtedly the single most constructive task the Program Manager can accomplish in the defense of the program budget. It is, as should be obvious, no small venture. The Program Manager must first go through the series of top management reviews at his parent field activity. These reviews are geared to evaluate approved programs and ensure compliance in accordance with direction from Headquarters USAF. The reviews cover the spectrum of functional areas including the Financial Management Board, Division Council, Technical Council, Program Management Review and Executive Management Review (3:3-1). The outgrowth of these reviews is the preparation and submission of the AF Form 1537, Air Force Weapon System Budget Estimate. This Five Year Budget Estimate is then submitted to Headquarters, Air Force Systems Command (AFSC) in the November/December timeframe where it is reviewed in depth by the Program Evaluation Group (PEG) and the AFSC Council. (See Figure 3, The Planning, Programming and Budgeting System.)

The 1537's contain not only the budget for the program described in the FYDP but also three other budget considerations. Since the release of the previous year's FYDP there have been numerous alterations to the overall DOD programs and priorities, either perceived or real. In response to these changes, Headquarters USAF and/or Headquarters AFSC have issued revised guidance to the Program Manager. Thus the Program Manager adds to the 1537 a delta to his budget that addresses the impact of these directed changes. Continuing the line of reasoning

that acknowledges the dynamics of the environment, Headquarters AFSC asks the Program Manager to submit a second delta to the budget which addresses anticipated work he feels relatively certain will be forthcoming. This is predicated on known changes either to the basic requirement or changes in the scope of work usually via an Engineering Change Proposal (ECP). Finally the Program Manager is authorized, yes encouraged, to submit yet another delta which covers new innovative ideas to improve his program. This is in fact a wish list on the part of the Program Manager that often contains long range money saving improvement.

The PEG then reviews each and every Program Element in detail and makes recommendations to the Commander AFSC thru the AFSC Council as to what the budget submissions should contain. The PEG does not conduct these reviews in a vacuum. Their review cycle is initiated by a two (2) day Mission Area review presented by AFSC/XR, DCS/Development Plans. This series of briefings is specifically geared to provide the PEG with an overview of the current trends and perceived needs of the Service.

The PEG then goes through their evaluation process, calling upon the Program Manager or his right hand man at Headquarters AFSC, the System Program Officer (SYSTO) for his program. The SYSTO is a bright, energetic young officer at the Major or Lieutenant Colonel level who is the program's sponsor within Headquarters AFSC. It is his responsibility to be alert for any change that may arise. He is the man that beats the bushes to find friend and foe, their likes and dislikes, regarding the program and determine the major issues that may arise. Thus it behooves

the Program Manager to establish a strong working relationship with his SYSTO if he is to have any reasonable change of maintaining his budget as submitted.

Once the PEG has completed its review process, they make their recommendation to the AFSC Council. This group is the primary advisory agency to the Commander, AFSC. They screen the PEG's recommendations, make necessary changes and then with the concurrence of the Commander, forward the proposed budget to Headquarters USAF for approval and inclusion in the POM.

Reviews at Headquarters USAF

As would be anticipated, Headquarters USAF has its series of reviews. These initiate with a series of "working level" sessions between Headquarters USAF/RD and AFSC to "obtain a better understanding of the AFSC position, resolve issues and arrive at a joint AFSC/USAF-RD position before USAF/RD staffing the RDT&E program through the Air Staff Board Structure". (3:3-2)

The Board Structure is comprised of two basic elements: The deliberative element and a supporting administrative and secretarial staff. The deliberative elements are the Air Force Policy Council (AFPC), the Secretary of the Air Force Program Reviews (SPR), the Air Force Council (AFC), and the Air Staff Board (ASB). (See Figure 4, Air Force Board Structure.)

As the title implies, the AFPC is primarily responsible for assisting the Secretary of the Air Force in the formulation and clarification of Air Force policy matters. Since it is concerned with major policy issues, its membership consists of virtually all the Air Force hierarchy

located at the Pentagon. Membership includes the Secretary of the Air Force as Chairman plus his entire Assistant Secretary staff and the Chief of Staff USAF, plus all of his Deputy Chiefs of Staff.

The SPR is an in depth quarterly review of selected major system programs. The System Program Director (SPD) provides the Secretary with the status of the research, development, and production aspects of his program. During the intervening months the AFSC SYSTO and the Headquarters USAF Program Element Monitor (PEM) identify significant program changes and progress.

Here again it is obvious that an excellent working relationship and trust between the SPD and SYSTO is absolutely essential. This same relationship must also be cultivated between the SPD at Headquarters AFSC, so is the PEM the extension of the SPD at Headquarters USAF. Only now to complicate matters still further, the PEM daily will interface with the influential staffers of OSD and Congress.

The two remaining major elements on the Board Structure are the Air Force Council and the Air Staff Board. These two deliberative bodies are restricted to senior military advisors to the Chief of Staff. The ASB membership is normally at the Director level (Major General); while the AFC is normally at the Deputy Chief of Staff level (Lieutenant General).

The Program Manager must be acutely aware of the existence of these groups and their potential impact on his program. During the POM preparation cycle, the ASB and its two major committees are intimately involved in the detail of the submittal. The two committees, The Force

Structure Committee (FSC) and the Program Review Committee (PRC) each has a significant input and influence on the final budget. The FSC, though primarily concerned with projecting force requirements to meet the estimated enemy military strength, reviews the force programs in conjunction with each major update of the FYDP. They group these programs into categories that facilitate evaluation of their impact against imposed fiscal constraints.

The PRC meanwhile is conducting a detailed review of each element of the budget. In order to accomplish this, there are established a number of panels. These panels are:

- Aerospace Defense
- Airlift
- Command, Control and Communications
- Data Automation
- Electronic Warfare Penetration
- RDT&E
- Reconnaissance/Intelligence
- Simulator
- Space
- Strategic
- Support
- Tactical

These panels are charged with the responsibility to review each program in the context of its mission capability and fiscal constraints.

It is during this period that the Air Force initiates a series of

unique POM exercises. Once Headquarters AFSC submits its proposed budget to Headquarters USAF, the Air Force commences POM exercises, A-1, A-2, and A-3. (See Figure 5, The POM Exercises, and Figure 6, Headquarters USAF POM Preparation Cycle.) The first exercise, A-1, generates an essentially unconstrained budget which is based upon guidance provided by the PRC. This guidance is issued prior to receipt of the PPGM. It contains recommended program changes based upon the latest force structure estimates and program requirements. This exercise then gives the senior Air Force management a reasonably accurate assessment of the total budget requirement.

Upon receipt of the fiscal guidance from OSD, the A-2 exercise is initiated. This activity is directed toward bringing the unconstrained budget developed in A-1 back in line within the OSD fiscal constraints. The results of the A-2 exercise are reviewed by the Air Force Council and forwarded to the Chief of Staff.

The AFC then as the primary recommended body to the Chief of Staff, submits its recommendation for the resources required to implement Air Force programs, the impact of resource shortages, and a proposed list of priorities for resource allocation. (21:36-43)

The A-3 exercise then becomes the final polishing of the budget and incorporates the changes directed by the Chief of Staff.

Here again the criticality of the Program Manager's relationship with his team members at Headquarters level is very evident. The PEM is his eyes, ears and spokesman and is indeed a valuable asset for the Program Manager.

This process of reviews by the Board Structure culminates when the Chief of Staff approves the proposed budget. The budget is then submitted to OSD through the Office of the Secretary of the Air Force.

The end product of this iterative process is in fact the POM. In essence it contains the Service recommendations to the Secretary of Defense for the detailed application of resources. It represents the Service's view of its total resource requirements for the next five years.

Programs included in the POM are considered "locked". Changes are permitted only if they are timely enough to be considered in the initial submission, contribute to mission effectiveness, and have identified cost tradeoffs from other programs already included in the POM. (18:16)

Thus it goes without saying that the Program Manager must insure that he has provided every echelon between himself and the Secretary of Defense with detailed justification and rationale for his particular budget requirement. Failure to do so is tantamount to dereliction of his responsibility.

Reviews with Office of Secretary of Defense

With the submission of the POM, the pace quickens and the rapport and credibility that the Program Manager has hopefully established are really put to the test. OSD prepares a series of Issue Papers which highlight any significant issues that have arisen as a result of variance between the POM and the PPGM. These Issue Papers are sent back to each Service Component who then responds to OSD with supporting detailed rationale regarding his position. A series of discussion is also established to resolve particularly controversial issues. The Secretary

of Defense (SECDEF) is the final arbitrator and his ultimate determination is reflected in the Program Decision Memoranda (PDM).

Once again the Program Manager must test the communication link he has established between himself, Headquarters AFSC (the SYSTO) and Headquarters USAF - in particular the PEM. The PDM may reflect yet another difference between the SECDEF decisions and the Service objectives. If this is the situation, the Service must now reclaim the PDM. However, to be effective the reclaims must be staffed and returned to OSD in an extremely short timeframe (e.g., normally two - three days but often within four hours). This cycle continues until mid August when OSD starts developing the Budget Guidance. We have now reached the point where there are only Major Budget Issues (MBI) as yet unresolved. A new series of budget hearings are held between SECDEF, Secretary of the Air Force and the Chief of Staff to resolve these differences and hopefully reach a mutually acceptable position.

As is now the custom, the Program Manager must rely upon the PEM and his support from within the Air Staff to withstand the final onslaught of cuts. Between October and December the final series of issues is resolved and then in December the Secretary of Defense publishes the Amended Program Budget Decisions. This is the proposed DOD budget which is transmitted to the Office of Management and Budget (OMB). OMB then combines this budget with all the Federal Budgets and presents it to the President for final review and approval.

SECTION III

INFLUENCING FACTORS

Service and OSD Related Factors

At any juncture during the PPBS cycle the budget for a given program is susceptible to any number of influencing factors. These come from many sources including the Program Manager's own Service, OSD and Congress. They fall into every conceivable category: social, political, international, etc. Whatever their origin the Program Manager must be in a position to take advantage of those factors aiding his program and to fend off those that are counter-productive to his program.

As has been discussed there are a number of opportunities for the Program Manager to influence the outcome of his budget submission. As is evident, however, he does not always have the luxury of providing the written or verbal supportive information needed to defend his program budget within the allowable timeframe. Consequently, it is of paramount importance that the Program Manager establish and cultivate a meaningful rapport with the SYSTO at Headquarters AFSC and the PEM at Headquarters USAF. These two individuals, when properly motivated and informed on the details of the program, can prevent the destructiveness of an arbitrary budget cut from drastically altering the program.

Challenges to the program's budget start at the organizational level to which the Program Manager belongs. However, at this level he has his entire supporting staff plus the "home court advantage" in his favor. There are only a few programs competing for support of the local commander. As such the Program Manager is in an excellent position to

emerge virtually unscathed in the battle for dollars. The local commander is looking at each program not from the standpoint of rejustifying the need but more from the reasonableness of the budget request. He insures that the Program Manager is adequately prepared to defend the areas of change from his last submission. Once the Program Manager leaves the friendly confines of his parent organization, the picture begins to change. Progressing thru Headquarters AFSC, Headquarters USAF and finally into the OSD arena, significantly increases the program's vulnerability to cuts. The higher in the echelon the Program Manager goes, the more adversaries there are to take a piece of his pie and the shorter response time to reclama the cuts.

Within the initial fiscal guidance published in the PPCM, the Service must accomodate all the programs it feels are essential for the national defense. At each increasing level of visability, the program becomes subjected to the biases of the hierarchy. The Goldwatch Syndrome begins to make itself known.

Usually the decision makers and their advisors are steeped in operational experience. Hopefully they have had additional background in management of development and acquisition programs. However, their primary experience lies in the operational arena. Consequently, they tend to relate their experiences to the evaluation of the weapon system being developed. Based upon a number of interviews with both Program Managers and Headquarters personnel there appears to be a tendency by the decision makers, more specifically their staffs, to interpret operational requirements to fit their perception of the need. Since they "have been there" they readily submit their impression of what is really required.

This help and advice is not, in itself, detrimental to the overall program. However, the impact of this advice easily becomes overlooked. This little perturbation generates a ripple effect on the program. Previously made decisions are instantly impacted. Interactions between the developer, user, support and test agencies can be set in turmoil. What starts out to be a "minor" change to satisfy the latest interpretation of the requirement drastically changes the program schedule and generates a severe cost impact.

The Service must, in essence, prioritize each program and even each element within the program to fit it within the available resources. This prioritization includes the input from the user to evaluate the impact on his capability and the input from the Program Manager to assess where the program is in development cycle and what capability trade-offs are available.

Depending upon the severity of the program impact and the nature of the program itself, the Service will assess this latest change and build a reasonable recovery plan. The civilian hierarchy must then be consulted. The AFSARC, Air Force Systems Acquisition Review Council, will review and approve the revised program prior to forwarding the information to OSD. (See Figure 7, Secretary of the Air Force Order No. 20.6.)

Another likely occurrence during any given PPES cycle will be the shifting of key players. Just when everyone appears to be in full support of the program and the rapport is at an all-time high, the personnel system works overtime to test the resourcefulness of the

Program Manager. He must once again start from scratch and educate another key player in the battle for the budget. Though seemingly important to any given program, the change of personnel within key positions at Air Staff or OSD can drastically alter a segment of the program development plan and thus necessitate a significant change to the funding profile requirement for that program.

External Factors

The impact of personnel changes is not restricted to simply introducing a new personality into the program. These new players bring with them their perception of the need and their management philosophy. It may be purely coincidental but most changes directed by high Headquarters or OSD come after a personnel change and during the Full Scale Development or Production phase of the program where any change has the largest impact.

There are always individual biases that intentionally or unintentionally enter into the equation. No responsible official will purposely sabotage a program that is of critical importance to the security of our nation. But it is only human nature for individuals to be influenced by their background or experience in a certain area. Lacking personal experience, they can be influenced by the persuasiveness of a polished briefing by a friend or foe of the program.

There is ample evidence of the tremendous influence of the Congressional Staffers and the impact this group has on the outcome of the final budget. One such report has been written by John Allsbrook, Major USAF, wherein he states:

"Regardless of how staff influence is reviewed, there is little doubt that it exists - - both in political and daily exercise. Nevertheless, such exercise of influence that does take place does so only to the extent that it is permitted by committee members and especially by the chairman. The staff realizes this limitation and acts accordingly. In his contact with the staff, the program manager must assume that the staff is acting for the committee and with its full consent." (4:25)

An increasingly popular term for describing the influence exercised by individuals at any level is the "Goldwatch". This pertains to that unalterably human characteristic to pick out a few select programs and support them against any and all adversaries. This "Goldwatch Syndrome" exists at all levels of the hierarchy. In order to control these Goldwatches the Golden Rule of business applies: "He who has the gold, rules." Therefore, there is an inordinate attention given to these Goldwatch programs, often at the expense of more critical programs. The sponsor of these programs more often than not has reached his conclusion of the relative merits of the program based upon his own personal experience much earlier in his career. He is convinced that his judgement of the program's worth is superior to any other individual's and thus will require unusually persuasive arguments to reverse his position.

Yet another external influencing factor is prevailing national and international involvements. The political tone at any given time can change and generate a tremendous impact on a program. For example, the ouster of a political faction in one of the NATO countries can drastically alter the strategic and tactical plans of the NATO alliance. This in turn could cause a revision to the priorities of the development

programs currently underway within DOD. Certain programs could be accelerated in order to provide the weapon system to our Allies in more rapid fashion. Combining this with direction to increase NATO standardization and operability would have a tremendous impact on the producibility and support posture of many programs, not to mention the impact on cost and schedule. Bear in mind, no change comes cheaply.

Another factor that becomes a significant impact upon a program is the degree of technical difficulty associated with it. Everyone up and down the hierarchy also considers himself, and rightly so, to be an intelligent man. As such he should be able to digest, understand and make intelligent comments regarding the technical aspects of any program. This is one area where the vast majority feel reasonably confident to comment. Thus, regardless of the level of presentation or discussion, the preponderance of questions will be technical in nature. From this stems the inevitable. The "instant expert" must pronounce his overall understanding of the program by "suggesting" to the Program Manager that the solution to the problem at hand could more readily be solved by incorporating his "simple yet proven" approach. This seemingly innocent input not only generates a change to the program plan but has now created a foundation for yet another Goldwatch - if not the program as a whole then at least the technical aspect espoused by this member of the hierarchy.

SECTION IV

OPTIONS AVAILABLE TO THE PROGRAM MANAGER

Assistance from the Management Team

What then can the Program Manager do to influence this phenomena? Obviously before he does anything he must first be aware that a myriad of influencing factors exist. He should, either through his own investigative source or by using his two favorite management team members, the SYSTO and PEM, determine what key personnel involved in his program are the champions of which Goldwatch. The Program Manager then must assess how that Goldwatch will impact his program. A strategy for defending the program must be established. This strategy must be consistent with the broad program direction handed down from higher Headquarters, but can and should be tailored to fit the particular situation. As an example, emphasizing the complimentary features and ever potential mutual benefits of the Goldwatch program and the program is often highly successful in getting the support of the sponsor of the Goldwatch. Whatever the tactic employed, it is essential to understand the motivation of the players involved in the justification process for the program budget.

Improved Information System

Because of the changing environment, the Program Manager is continually asked to respond to the "what if" type questions. "What is the impact if we cut your R&D dollars by \$2 million, cut your production

quantity or stretch out your test program by six months?" Every "what if" question has the potential of being a fact of life if not handled properly. Off the cuff responses to these questions often come back to haunt the Program Manager regardless of the origin of the response. This only adds to emphasize the need for keeping the team players well informed.

The technique employed by the ALO SPO is to have a program budget in a computer network programmed to accept the "what if" type question. Given a specific question regarding funding cuts or production change, the resultant impact, using the approved program budget as a baseline, is instantly computed. Given the constraint of having an all inclusive computer program, this technique does have excellent credibility in that it continually gives a program delta based upon a consistent baseline, namely the approved program budget.

Carrying the concept one step further, it would appear to be reasonable if the Program Manager had, at all times, access to a similar computer program tailored to his particular program budget. This is not only feasible but it is undoubtedly affordable and available. Numerous computer firms have developed time sharing terminals that are readily accessed by a simple phone call and using a prearranged access code. A portable computer terminal has been developed to fit into a briefcase size package weighing less than twenty pounds. This piece of equipment should be considered as mandatory equipment for any Program Manager. It has tremendous utility and certainly will not only add credibility to the Program Manager's response to budget impact questions but will significantly reduce the headaches caused by the "off the cuff"

responses.

Resolution of technical difficulties caused by the instant experts is another matter. In recent years it has been at the OSD and Congressional Staffer level where this "technical expertise" has flourished. Whether caused by overriding obsession of "don't let me be surprised" espoused by the Principals within OSD and Congress or simply due to the eagerness of the staffers to understand the finest detail of the program is relatively unimportant. The critical issue is the fact that they do get deeply involved, do ask penetrating questions and do exercise a considerable influence on their superiors with regard to the final outcome of the program in question. Thus the Program Manager must be aware of these factors and be prepared to cope with them.

The Program Manager must be able to articulate the technical details of his program. He must exude confidence that the technical problems are well in hand or, if not, the world's most renowned engineering support team is well down the road to resolving the problem. Hopefully the advance men of the Program Manager, namely our friends the SYSTO and PEM, will be aware of the aspiring instant engineering expert, pass this information to the Program Manager, and the Program Manager will have time to avoid a major confrontation.

In any case the Program Manager must be fully cognizant of the impact the changes will have on his program. He should be able to discuss with these staff members what it is they would like to change and then precisely inform them of the impact. The Program Manager should not be tutorial in his response but simply use good common sense and logic.

Keeping Abreast of the Times

As has been mentioned earlier, the Program Manager is engaged in a very dynamic endeavor, in an ever changing environment. The Program Manager who is so busy with the details of his program may look up and find his world is rapidly falling away from him. There are daily accounts in any newspaper or periodical that carry the recent comments of the Congressional members. Be informed! Know precisely where each key person stands on issues pertaining to your program. Don't overlook the Congressional Record and the published testimony from the Budget hearings. There is a veritable fountain of knowledge to be had... simply for the taking.

SECTION V

SUMMARY AND CONCLUSION

Where does all this leave the Program Manager? Is he the master of his own fate or simply a pawn of the DOD hierarchy to be toyed with and used as a scapegoat when things go wrong? To be certain, the career as a Program Manager is not for the shy, reserved individual. It takes a master psychologist, semanticist, politician and leader to survive and be an effective Program Manager. Surely the individual possessing every required trait is a rarity to say the least. If the Program Manager doesn't possess these characteristics himself, the next best thing is to surround himself with those who collectively possess them. The Program Manager must become the true MANAGER.

In order for the Program Manager to be effective, he must start by being the leader of his management team; the program office personnel, the contractor, the user, the independent test agency, the Headquarters' staff, all of them. They must be aware of what they are doing, why they are doing it, and where they are going. The open communication link is the Program Manager's best source of information and knowledge.

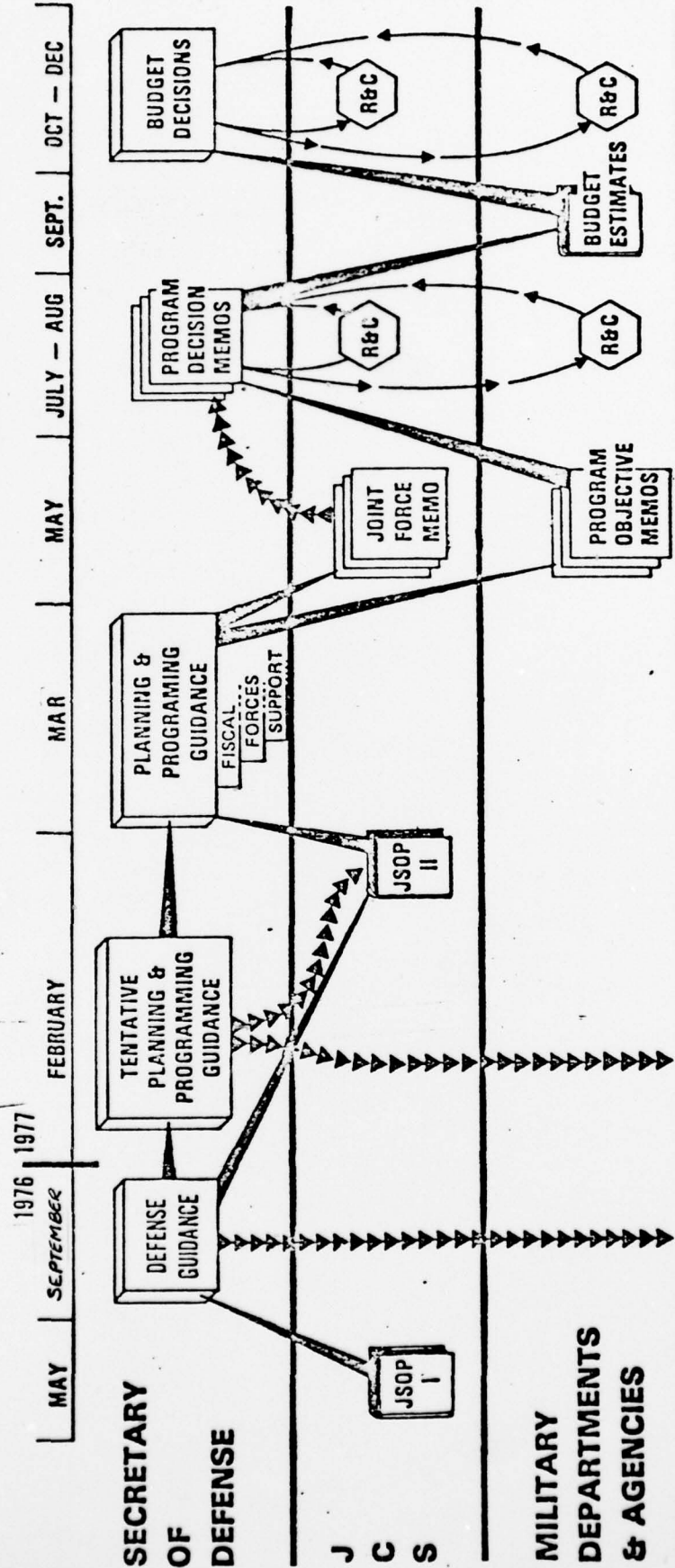
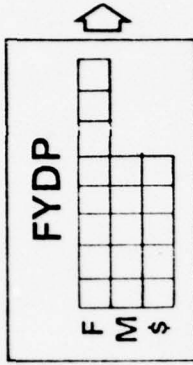
This same principle applies across the total spectrum of the Program Manager's activities. By keeping the upper echelons of the hierarchy totally informed, the Program Manager will establish his credibility with the decision makers and increase their confidence that they have picked the right man for the job. The Program Manager that knows where he wants to go and has laid out the roadmap stands an excellent chance of attaining that objective.

The Program Manager who does his homework by working the system instead of the system working him is the successful Program Manager. Get to know and utilize the advance men in Headquarters, the SYSTO and the PEM. Build up such a rapport with them that they can anticipate your every move. Let them dig around and find out who the new players are and what their views are.

Only a superb team effort can carry a program through any budget cycle virtually unscathed. As two esteemed former Air Force Program Managers (Major Generals Fred Ascani and Andy Low) have so often stated, "Plan the work and work the plan." Knowing who the key players are and knowing their position on each issue should be part of that plan. For once the Program Manager knows that, he is in a position to better fend off the "Goldwatch Syndrome".

APPENDIX

1977 PLANNING PROGRAMMING BUDGETING



COMPTROLLER

7 MAR 1977

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
DIRECTOR OF DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL
DIRECTOR, PLANNING AND EVALUATION
DIRECTOR, TELECOMMUNICATIONS AND COMMAND AND CONTROL
SYSTEMS
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTORS OF DEFENSE AGENCIES

*copy to JPR all

SUBJECT: Program/Budget Review - Calendar Year 1977 Schedule

This memorandum forwards an interim schedule of Calendar Year 1977 actions considered necessary to proceed with the Planning, Programing and Budgeting cycle. Actions outlined will be accomplished as prescribed by DoD Instruction 7045.7.

In addition to the enclosed schedule, separate detailed schedules will be issued relative to the POM major issue process and the budget review process. Unless otherwise indicated by changes to this calendar, every effort should be made to meet these scheduled dates. If, however, a specific action is anticipated to be late, an explanation should be forwarded to my office so that I may evaluate the impact on the remainder of the schedule.

Fred P. Wacker

Fred P. Wacker
Assistant Secretary of Defense

Enclosure
Schedule



INTERIM
PROGRAM/BUDGET GUIDANCE AND REVIEW SCHEDULE
for
CALENDAR YEAR 1977

Item	Action	Agency	CY 1976 Schedule	CY 1977 Schedule
1	Budget Submitted to Congress	0	Jan 21, 1976	Jan 17, 1977
2	Update Joint Research and Development Objectives Document (JRDOD) (FY 79-96)	J	Dec 15, 1975	Feb 14, 1977
3	Issue Tentative Planning and Programing Guidance Memorandum (TPPCM). NOTE: Provides tentative guidance in such areas as fiscal planning assumptions, forces, logistics, manpower, research and development, telecommunications, and intelligence.	0	Oct 22, 1975	Feb 15, 1977
4	Submit JSOP-Vol II (FY 79-86) - Analysis and Force Tabulations	J	Dec 20, 1975	Feb 16, 1977
5	Issue Fiscal Guidance Memorandum	0	NS	Mar 2, 1977
6	Issue Planning and Programing Guidance Memorandum	0	Feb 6, 1976	Mar 11, 1977
7	Issue Military Security Assistance Projection (MSAP)	0	Apr 9, 1976	Apr 8, 1977
8	Submit FY 78-80 Nuclear Weapons Stockpile Memorandum to President	0	NS	May 2, 1977
9	Submit JSOP-Vol I (FY 80-87) - Military Strategy and Force Planning Guidance (CY 78 Cycle)	J	Apr 30, 1976	May 2, 1977
10	Submit Joint Force Memorandum (JFM)	J	Apr 30, 1976	May 9, 1977
11	Submit Program Objective Memoranda (POM)	0	May 7, 1976	May 9, 1977

Item	Action	Agency	CY 1976		CY 1977	
			Schedule		Schedule	
12	Update FYDP, Procurement Annex, and RDT&E Annex Consistent with POM (FY 79-86)	C	May 7, 1976	May 9, 1977		
13	Submit FYDP Telecommunications Subsystem Data	C	May 12, 1976	May 13, 1977		
14	Submit JFM Nuclear Annex, FY 79-86	J	May 31, 1976	Jun 10, 1977		
15	Transmit first Issue Paper to Components	O	Jun 11, 1976	Jun 13, 1977		
16	Transmit last Issue Paper to SecDef	O	Jul 16, 1976	Jul 18, 1977		
17	Issue Program Decision Memoranda (PDM)	O	Jul 26, 1976	Jul 28, 1977		
18	Submit reclamation to PDMs	JC	Aug 9, 1976	Aug 11, 1977		
19	Major PDM Issue Meetings	OJC	Aug 13-18, 76	Aug 15-19, 77		
20	Issue amended PDMs	O	Aug 23, 1976	Aug 25, 1977		
21	Issue Budget Guidance	O	Sep 1, 1976	Sep 1, 1977		
22	Issue Defense Guidance (DG) (CY 1978 Cycle)	O	Sep 8, 1976	Sep 8, 1977		
23	Publish tentative Nuclear Weapons Stockpile for planning	O	Sep 13, 1976	Sep 13, 1977		
24	Submit annual budget estimates and backup information	C	Sep 30, 1976	Sep 30, 1977		
25	Start Budget Hearings	O	Oct 1, 1976	Oct 3, 1977		
26	Update the FYDP Procurement Annex	C	Oct 1, 1976	Oct 3, 1977		
27	Update the FYDP RDT&E Annex	C	Oct 1-6, 76	Oct 3-7, 77		
28	Update the FYDP	C	Oct 13, 1976	Oct 13, 1977		
29	Start issue of Program Budget Decisions (PBDs)	O	Oct 15, 1976	Oct 17, 1977		

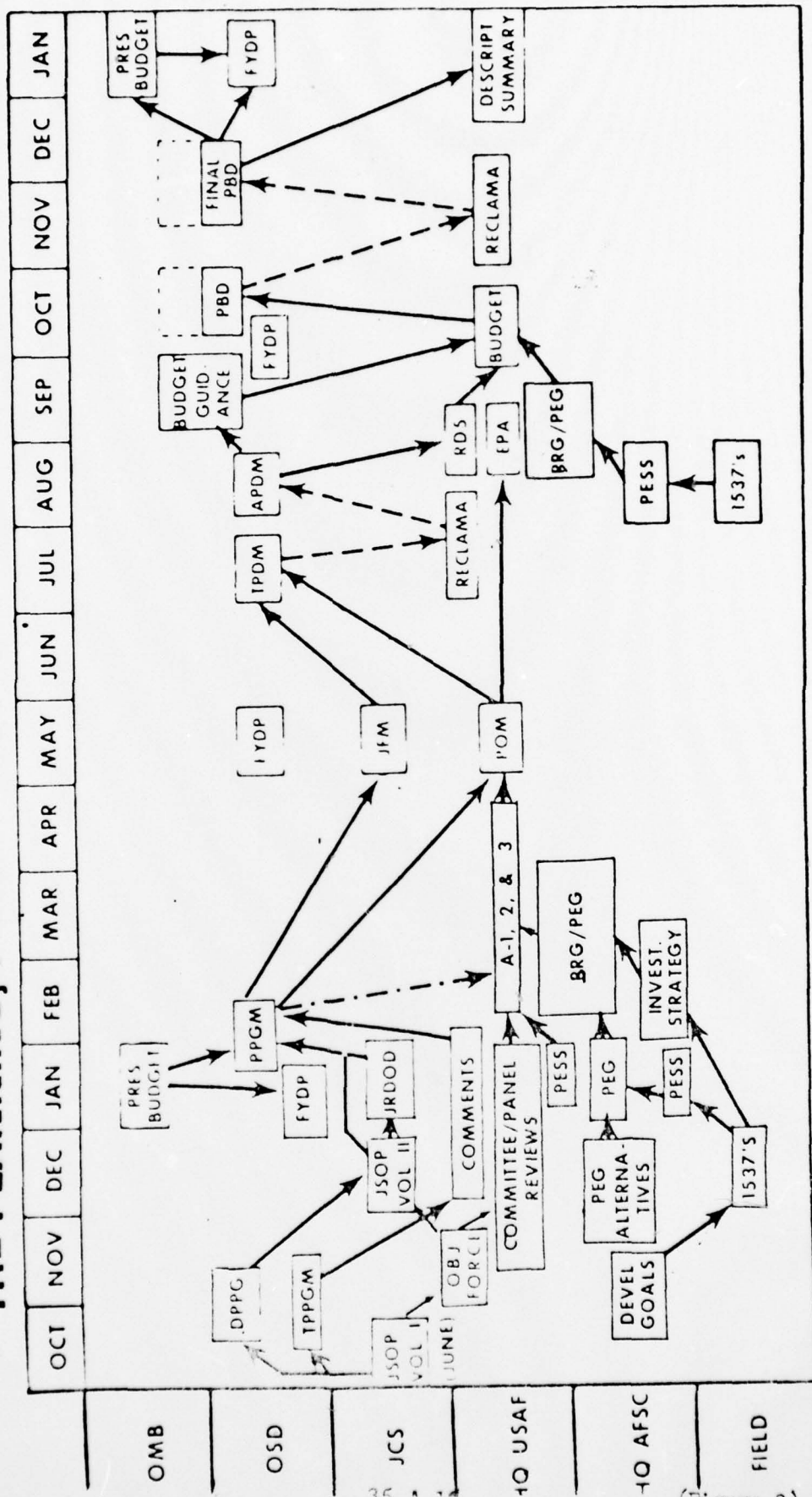
Item	Action	Agency	CY 1976		CY 1977	
			Schedule		Schedule	
30	Submit FYDP Telecommunications Subsystem Data	C	Oct 20, 1976	Oct 20, 1977	Oct 20, 1977	Oct 20, 1977
31	Start PBD reclaims	JC	Oct 28, 1976	Oct 26, 1977	Oct 26, 1977	Oct 26, 1977
32	Issue revised PBDs based on reclaims	O	Nov 22-24, 76	Nov 21-23, 77	Nov 21-23, 77	Nov 21-23, 77
33	Conduct joint meetings with JCS and Service Secretaries to discuss major unresolved budget issues	OJC	Dec 2-3, 76	Dec 1-2, 77	Dec 1-2, 77	Dec 1-2, 77
34	Update Five Year Defense Program (FY 77-79)	C	Dec 28, 1976	Dec 27, 1977	Dec 27, 1977	Dec 27, 1977
35	Update Five Year Defense Program (FY 80-83) (through FY 86 for Forces)	C	Jan 15, 1977	Jan 10, 1978	Jan 10, 1978	Jan 10, 1978
36	Submit FYDP Telecommunications Subsystem Data	C	Jan 17, 1977	Jan 17, 1978	Jan 17, 1978	Jan 17, 1978
37	Budget Submitted to Congress	O	Jan 17, 1977	Jan 17, 1978*	Jan 17, 1978*	Jan 17, 1978*

* Tentative, Budget submitted 15th day after Congress meets, 31 USC 1321.

Legend:

O - SecDef
 J - JCS
 C - Military Departments and Defense Agencies
 JC - JCS, Military Departments, Defense Agencies
 NS - Not in 1976 Schedule

THE PLANNING, PROGRAMMING AND BUDGETING SYSTEM



(Figure 3)

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AIR FORCE BOARD STRUCTURE

AIR FORCE COUNCIL

Chmn - CV (General)

CVA	DP
RD	XO
AC	PR
LG	IG

AIR STAFF BOARD

Chmn - PRP (Maj Gen)

RQQ	DPP
ACB	XOX
LGX	SA

PROGRAM REVIEW

COMMITTEE

Chmn - Asst PRP (B Gen)

ACB	RDX
PRM	RDP
PRE	RQQ
LGX	KRC
LGY	INY
XOX	REX
XOO	NGB
DPP	SGH

FORCE STRUCTURE

COMMITTEE

Chmn - XOX (Maj Gen)

ACB	DPX
PRP	RDX
PRM	RQQ
LGX	RDP
LGY	INA
XOX	REX
XOO	NGB
XOD	SAG

SECURITY ASSISTANCE

COMMITTEE

Chmn - LGF (Maj Gen)

(FOREIGN MILITARY

SALES)

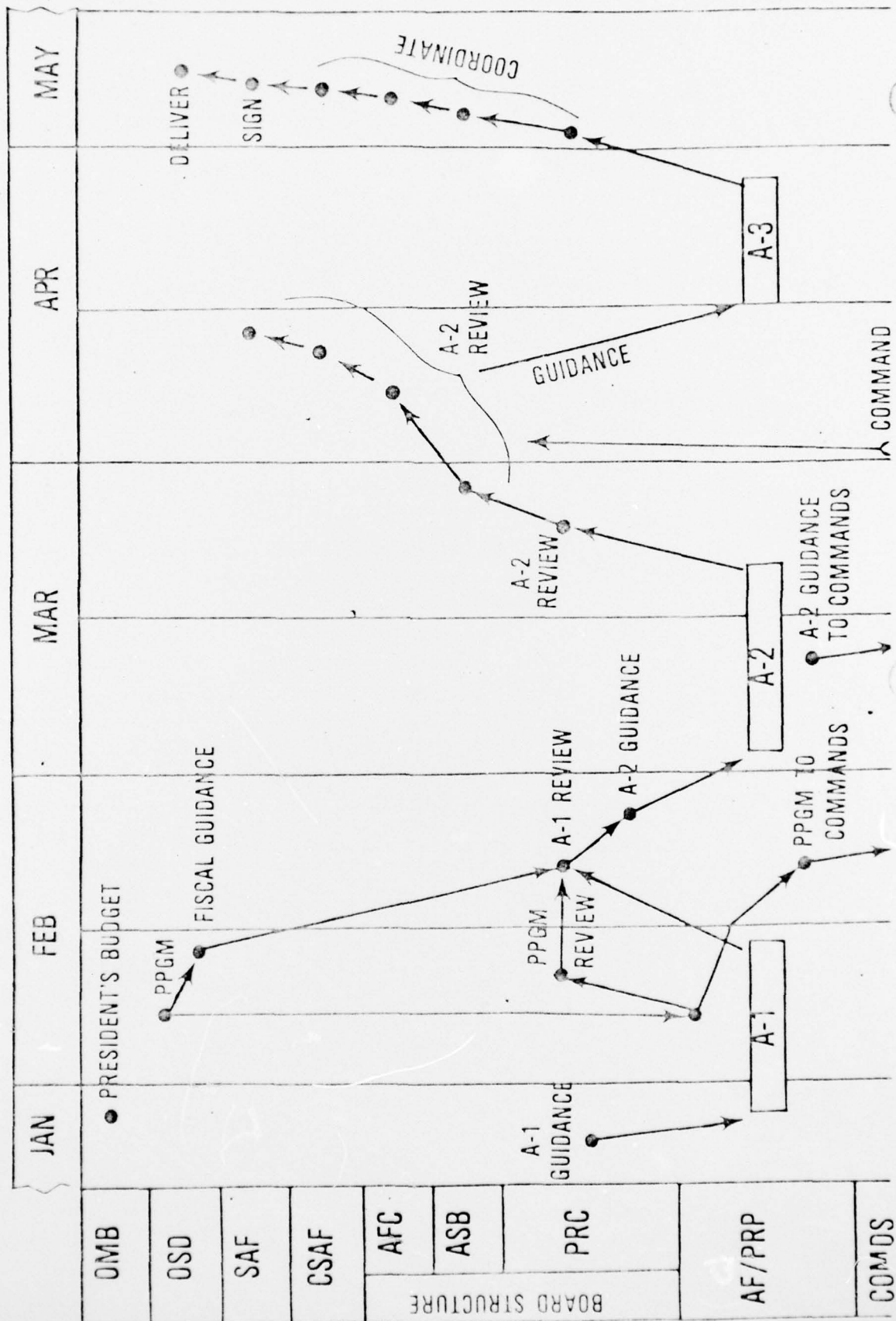
PANELS/Chmn

AEROSPACE DEFENSE	AIRLIFT	C 3	DATA AUTO	EW/PEN	RECCE /INT	ROT&E	SIM	SPACE			STRAT OFFENSE			SUPPORT			TACTICAL		
								PRP	PRP	PRP	PRP	PRP	PRP	PRP	PRP	PRP	PRP	PRP	PRP
PRP	PRP	KRC	KRA	PRP	RDR	RDX	XOO	RDS	PRP	PRP	PRP	PRP	PRP	PRP	PRP	PRP	PRP	PRP	PRP

THE POM EXERCISES

	SOURCE OF GUIDANCE	TIMING	CHARACTERISTICS
A-1	PRC REVIEW OF PROGRAM CHANGES AND RECOMMENDATIONS	PRIOR TO OSD PPGM/FISCAL GUIDANCE	BASELINE-OCT FYDP JAN FYDP IN 1976 CONSTRAINT - "REASONABLE REQUESTS"
		MID-FEB	USUALLY 20- 25% OVER BOGIE
A-2	PRC REVIEW OF A-1 AND ALIGNMENT TO OSD FISCAL GUIDANCE	AFTER OSD FISCAL GUIDANCE	FORCE FIT TO FIRM OSD FISCAL GUIDANCE
		MID-MAR	NEAR FINAL POSITION
A-3	REVIEW AND DIRECTION BY AIR STAFF BOARD, AIR FORCE COUNCIL, CSAF AND SAF	AFTER TOP LEVEL AIR FORCE REVIEW	ADJUSTMENTS PER TOP LEVEL DIRECTION
		MID-APR	FINAL TRIMMING/CLEAN-UP

HQ USAF POM PREPARATION CYCLE [1975]





NO: 20.6

DATE: JUN 29 1978

SECRETARY OF THE AIR FORCE ORDER

SUBJECT: Establishment of the Department of the Air Force
Systems Acquisition Review Council (AFSARC)

REFERENCE: (a) DOD Directive 5000.1, 22 December 1975

1. The Air Force Systems Acquisition Review Council (AFSARC) under the direction of the Secretary of the Air Force is hereby established. This Order outlines the concept, functions, responsibilities, membership and procedures to be followed in the conduct of business with the AFSARC.

2. Concept

The AFSARC provides a formal mechanism by which the Secretary of the Air Force will receive the counsel of his principal advisors prior to making decisions concerning initiation, continuation of, or substantial changes to systems acquisition programs which merit Secretarial attention. Generally, the AFSARC will provide a forum for review of major acquisition programs as defined in reference a; however, other program efforts may also receive AFSARC reviews as determined by the Secretary of the Air Force on a case-by-case basis.

3. Functions and Responsibilities

The AFSARC will:

a. Perform functions in connection with the review and appraisal of systems acquisition programs and related management procedures, as the Secretary of the Air Force may direct.

NO: 20.6

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b. Receive and, at the discretion of the chairman, review weapon system acquisition coordinating papers on major new systems, or weapon system acquisition coordinating papers proposing changes of significant magnitude on existing programs.

c. Recommend action to the Secretary of the Air Force on programs reviewed. The resulting Secretary of the Air Force decisions will establish the approved program in cases where the Air Force has full management responsibility. For programs requiring Secretary of Defense approval at key program milestones, the Secretary of the Air Force decisions will establish the Air Force position for subsequent communications with the Office of the Secretary of Defense.

4. Membership

The AFSARC membership consists of the Under Secretary of the Air Force, the Assistant Secretaries for Research and Development, Installations and Logistics, and Financial Management, the General Counsel (Advisor), the Vice Chief of Staff, the Deputy Chiefs of Staff for Research and Development, Systems and Logistics, and Plans and Operations, the Comptroller, and the Assistant Chief of Staff for Studies and Analysis (Advisor). The Chairman of the AFSARC will be the Under Secretary or an Assistant Secretary as the Secretary of the Air Force may designate. The Executive Secretary shall be appointed by the Chairman.

Other Secretary of the Air Force and Air Staff participation will be at the discretion of the Chairman of the AFSARC. Other attendees will be authorized and administered through the Executive Secretary of the AFSARC.

Changes to the AFSARC membership and designation of the chairman may be made in the future by the Secretary of the Air Force without formal amendment to this Order.

NO: 20.6

DATE: JUN 29 1976

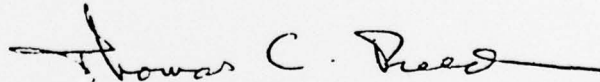
5. Procedures

a. The Executive Secretary, acting in the capacity as executive for the Secretary of the Air Force pertaining to matters within the purview of the AFSARC, will schedule all meetings of the AFSARC, and all meetings with the Secretary pertaining to these matters. The Executive Secretary will prepare minutes of each formal meeting of the AFSARC, and will retain the minutes, and copies of presentations, on file. Direction and guidance as a result of these meetings will be published as Secretary of the Air Force Directives.

b. The Office of the Assistant Secretary for Research and Development will provide appropriate administrative support for the Executive Secretary.

c. Administrative procedures governing AFSARC reviews will be separately issued by the Chairman.

6. This Order is issued in accordance with AFR 11-18, dated July 18, 1963, subject: "Delegating or Assigning Statutory Authority."



Thomas C. Reed
Secretary of the Air Force

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